

Message Text

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TO SECSTATE WASHDC 3319

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UNCLAS SECTION 1 OF 2 BELGRADE 3357

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TAGS: BGEN YO

SUBJ: COMMERCE ANTI-RECESSION EXPORT CAMPAIGN

REF: STATE A-2778

1. MISSION WILL COOPERATE FULLY IN COMMERCE ANTI-RECESSION CAMPAIGN. OUR COUNTRY COMMERCIAL PROGRAM (CCP) RECOMMENDATIONS, NOW UNDER FINAL REVIEW BY WASHINGTON AND COUNTRY ACTION GROUPS, SCHEDULE MANY MISSION INITIATIVES TO DEVELOP EXPORT OPPORTUNITIES FOR RECESSION-FIT US INDUSTRIES WHICH HAVE MARKET POTENTIAL IN YUGOSLAVIA.

2. SINCE REPAIR POINTED OUT THAT ADDITIONAL RESOURCES UNAVAILABLE FOR COMMERCE'S CAMPAIGN, MISSION AIMS TO ACHIEVE MAXIMUM PART OF INITIATIVES WITHIN PRESENT BUDGETARY AND PERSONNEL LIMITATIONS. COMPLETE ACCOMPLISHMENT OF WARRANTED ACTIVITIES WOULD REQUIRE ALLEVIATION OF SERIOUS PERSONNEL SHORTAGE, AS CCP ANALYSIS SECTION VI EXPLAINS, AS WELL AS SOLID BACKSTOPPING AND SOME FINANCIAL RESOURCES FROM COMMERCE.

3. CAMPAIGN ACTIVITIES, OF COURSE, MUST BE BALANCED AGAINST OTHER IMPORTANT WASHINGTON NEEDS WHICH EXPANDING RECENTLY. CURRENT YUGOSLAV ECONOMIC ADJUSTMENT MEASURES--WHICH DIRECTLY AFFECT US EXPORT PROSPECTS--REQUIRE INCREASE IN INTERPRETIVE REPORTING, AND MULTILATERAL TRADE NEGOTIATIONS ARE GENERATING ADDITIONAL REPORTING REQUIREMENTS. CONSIDERABLE ATTENTION MUST ALSO BE DEVOTED TO

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SIGNIFICANT YUGOSLAV ROLE IN QUESTIONS BETWEEN DEVELOPED COUNTRIES

AND LDC'S.

4. WE COUNT ON ALL MEMBERS OF WASHINGTON ACTION GROUP TO HELP ORDER ABOVE REQUIREMENTS, SUPPORT OUR NEED FOR ADDITIONAL ECONOMIC/ COMMERCIAL PERSONNEL, AND SIFT OUT UNESSENTIAL REPORTING AND OTHER REQUESTS FOR MISSION RESOURCES.

5. IN REGARD TO COMMERCE ACTION PLAN TO PROMOTE EXPORT OF CAPITAL GOODS:

A. MARKET RESEARCH

(1) METALWORKING AND FINISHING INDUSTRIES: MISSION UNDERTAKING SPECIAL RESEARCH STUDY.

(2) AVIONICS: MISSION HAS SUBMITTED DETAILED ANALYSIS OF LARGE YUGOSLAV MARKET (SEE BELGRADE A-560 OF NOV 19, 1974).

(3) GRAPHIC ARTS AND PRINTING EQUIPMENT: THOUGH STATISTICAL DETAILS OUT OF DATE, CONCLUSIONS REMAIN VALID IN MARKET RESEARCH SUBMITTED IN 1973 ON SMALL BUT INTERESTING MARKET IN THIS SECTOR.

(4) ELECTRIC COMPONENTS: RESEARCH CONTRACTED IN 1973 WAS UNSATISFACTORY BUT US MANUFACTURERS HAVE BEEN MAKING GOOD INROADS INTO THIS MARKET ON THEIR OWN.

(5) LABORATORY INSTRUMENTS: MISSION DOES NOT REPEAT NOT RECOMMEND MARKET RESEARCH SINCE MARKET APPEARS RELATIVELY SMALL AND US FIRMS HAVE GOOD (30-40 PERCENT) SHARE OF IT.

(6) BUSINESS EQUIPMENT: MARKET APPEARS TO HAVE GOOD MEDIUM TERM POTENTIAL BUT MARKET RESEARCH AT THIS STAGE WOULD APPEAR PREMATURE.

(7) ENERGY SYSTEMS: YUGOSLAV NEAR AND MEDIUM TERM IMPORTS WILL LIKELY EXCEED \$1 BILLION AND MARKET RESEARCH SORELY NEEDED; MISSION REGRETS THAT COMMERCE UNABLE TO ACCEPT OUR RECOMMENDATION TO CONTRACT MARKET RESEARCH IN 76.

(8) TELECOMMUNICATIONS: TECHNICAL SALES SEMINAR IN SEPTEMBER UNCLASSIFIED

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1974 REVEALED BURGEONING MARKET ON WHICH RESEARCH IS NEEDED; MISSION REGRETS THAT YUGOSLAVIA HAS BEEN DELETED FROM GLOBAL MARKET SURVEY DUE TO HIGH BIDS SUBMITTED BY RESEARCH CONTRACTOR.

(9) FOOD PROCESSING AND PACKAGING EQUIPMENT: CONTRACTUAL MARKET RESEARCH ALSO NEEDED.

B. DIRECT TRADE PROMOTION:

(1) EXHIBITS: COMMERCE REVERSED DECISION TO PARTICIPATE IN FALL 76 LJUBLJANA ELECTRONICS FAIR, BUT A NUMBER OF US FIRMS WILL PARTICIPATE INDEPENDENTLY AND MISSION CONCENTRATING ON OTHER SECTORS. NO OTHER EXHIBITS SCHEDULED FOR YUGOSLAVIA IN FU 76.

(2) SPECIAL PROMOTION ACTIVITIES: CCP INCLUDES TECHNICAL SALES SEMINARS ON METALWORKING AND FINISHING EQUIPMENT AND ON ENERGY SYSTEMS; CATALOG SHOW (IN PLACE OF RECOMMENDED JEEP) ON PRINTING AND GRAPHIC ARTS EQUIPMENT; PROBABLY MISSION-ORGANIZED COMMERCIAL EXHIBIT OF AGRICULTURAL MACHINERY AND EQUIPMENT; TRADE MISSION ON PORT EQUIPMENT AND ENGINEERING SERVICES; SPECIAL PROMOTION OF PROCESS CONTROL EQUIPMENT THROUGH COMMERCIAL LIBRARY FACILITIES AND PARALLEL ACTION BY USIS; AND REVERSE TRADE MISSION ON FOOD PROCESSING AND PACKAGING EQUIPMENT.

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(3) MAJOR PROJECTS: CONSIDERABLE OF THE POST'S RESOURCES WILL BE ENGAGED TO FULFILL OUR STRONG COMMITMENT HEAVY SCHEDULE TO DEVELOP OPPORTUNITIES FOR US FIRMS WILL ASSIST RECESSION-HIT INDUSTRIES.

6. US CONSUMER GOODS, WHICH ALSO RECEIVE EMPHASIS IN COMMERCE CAMPAIGN, APPEAL TO YUGOSLAVS. IMPORTS OF SUCH GOODS ARE BEING DISCOURAGED, HOWEVER, AND MISSION RESOURCES WILL BE MORE PROFITABLY CONCENTRATED ON PROMOTION OF OTHER TYPES OF PRODUCTS.

7. IN REGARD TO REQUEST REPAIR TO IDENTIFY SHORT AND MEDIUM TERM

POTENTIAL OF SELECTED INDUSTRIES:

A. HIGH POTENTIAL

(1) ELECTRICAL GENERATING AND DISTRIBUTING EQUIPMENT, SLATED FOR INTENSIVE PROMOTION IN FY 76 CCP.

(2) FARM MACHINERY, SCHEDULED FOR CAMPAIGN TREATMENT IN FY 76 CCP.

(3) FARM WHEEL TRACTORS, ALSO RECEIVING CAMPAIGN TREATMENT. LARGE SIZES HAVE EXCELLENT MARKET POTENTIAL THOUGH IMPORT LICENSES ARE REQUIRED; SMALL SIZES HAVE FEW PROSPECTS.

(4) SELF-PROPELLED COMBINES, SAME AS FARM WHEEL TRACTORS.

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(5) METALWORKING MACHINES AND MACHINE TOOLS: VOLUNTARY MARKET RESEARCH AND TECHNICAL SALES SEMINAR WILL HELP IDENTIFY LEVEL AND TYPES OF US PRODUCTION THAT CAN COMPETE AGAINST DOMESTIC MANUFACTURERS AND \$70 MILLION WORTH OF IMPORTS MOSTLY FROM GERMANY.

(6) CHEMICAL PROCESSING INDUSTRY: MISSION IS PROVIDING ACTIVE ASSISTANCE TO US FIRMS ON MAJOR PROJECTS.

(7) TEXTILE MACHINERY: \$70 MILLION IMPORT MARKET IS CONTROLLED BY THREE OR FOUR YUGOSLAV AGENTS WHO RELY EXTENSIVELY ON WEST GERMAN EQUIPMENT. IN FORMULATING FY 76 CCP MISSION HAS HAD TO DEFER PLANS TO HELP US FIRMS ENTER THIS MARKET.

(8) ELECTRONIC COMPONENTS AND ACCESSORIES: INCREASING NUMBER OF US FIRMS ENTERING THIS MARKET; NO SPECIAL PROMOTIONAL EFFORT CAN BE ASSUMED UNDER CCP.

B. MEDIUM POTENTIAL

(1) VALVES, PIPE AND PIPE FITTINGS--PARTICULARLY FOR OIL AND GAS PIPELINES.

(2) PUMPS AND COMPRESSORS.

(3) REFRIGERATION MACHINERY--PARTICULARLY FOR COLD STORAGE OF AGRICULTURAL PRODUCTS.

(4) ELECTRICAL TESTING EQUIPMENT.

C. LOW POTENTIAL

(1) BUILDING AND CONTRUCTION MACHINERY AND SUPPLIES--EXCEPT THAT

EARTH-MOVING EQUIPMENT HAS MEDIUM TO HIGH POTENTIAL.

(2) RADIO AND TV RECEIVING EQUIPMENT.

(3) METAL STAMPINGS.

(4) AUTOMOTIVE ACCESSORIES.

(5) LIGHTING FIXTURES.

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(6) PLUMBING AND HEATING SUPPLIES.

(7) ENGINES AND TURBINES.

(8) INTERNAL COMBUSTION ENGINES.

(9) CONSUMER-GOODS--YUGOSLAVIA DISCOURAGING SUCH IMPORTS.

8. CURRENT TEMPORARY YUGOSLAV IMPORT RESTRAINTS WILL NOT RPT NOT
IN OUR JUDGMENT DIM PROSPECTS FOR US CAPIAL GOODS LISTED ABOVE AS
HAVING MEDIUM OR HIGH MARKET POTENTIAL. YUGOSLAVS NEED SUCH IMPORTS
TO FULFILL THEIR DEVELOPMENT PLANS AND THOUGH SOME CONFUSION AND
SLOWDOWN QUESTIONS MAY ARISE ON IMPORT LICENSING AND OTHER
RESTRAINTS, US EXPORTERS SHOULD NOT LET TEMPORARY SITUATION
DISUADE THEM FROM VIGOROUSLY ENTERING THIS MARKET.
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